

# Carl C. Danberg

## Attorney

General

Press Release

### For Immediate Release

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## **Attorney General Carl C. Danberg Announces Settlement with Yellow Pages**

(Wilmington, DE) Attorney General Carl C. Danberg announced today that YP Corp., (doing business as YP.com) and its wholly owned subsidiary Telco Billing, Inc., have agreed to settle allegations that they engaged in deceptive business practices by using "live" activation checks to obligate businesses and organizations to pay for an enhanced listing (called an "Internet Advertising Package") on YP.com's on-line yellow page directory. The agreement is the result of an investigation by Delaware and 33 other states regarding YP.com's use of activation checks.

According to the terms of the settlement, YP Corp. has agreed to stop using activation checks as the sole device to obligate businesses to purchase its products and services. YP Corp. also has agreed to pay \$2,000,000.00, collectively, to the investigating states. YP Corp. further agreed to contact its current activation check customers to inform them of their right to cancel their agreement with YP Com and of their potential eligibility for at least a partial refund of monies paid to YP.com.

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The states alleged that since at least January 1, 2003, YP.com sent businesses and other organizations "live" activation checks in the mail. These checks were made payable to the business or organization for a small amount, usually around \$3.50. On the back of the checks, in fine print above the endorsement line, was language stating that by depositing the check, the recipient agreed to purchase advertising from YP.com for its on-line yellow pages directory. The fine print also stated that by depositing the check, the recipient authorized YP.com (through its subsidiary Telco Billing, Inc.) to bill the monthly fees in advance, on the business's telephone bill or by debiting the amount from the bank account into which the recipient deposited the check, or by other methods. The envelope that the check was mailed in also contained YP.com advertising material.

The states' investigation revealed that some activation check recipients that deposited YP.com's checks did so without knowing that the deposit constituted a purchase of an enhanced on-line yellow page listing from YP.com and that the deposit authorized YP.com (through its subsidiary Telco Billing, Inc.) to bill them monthly fees on their telephone bill, by debit from their account, or any other method. In some of these cases, the recipient remained unaware that it was being billed by YP.com (through Telco Billing, Inc.) after it deposited the activation check.

The allegations that gave rise to the states' investigation and the settlement described above have not been admitted by YP.com, and its agreement to address the State's concerns and allegations does not constitute an admission of wrongdoing by YP.Corp, YP.com, or Telco Billing, Inc.

Current YP.com customers who are being billed through their telephone bill or bank account for a listing and became a customer by depositing an activation check should be contacted by letter within the next two (2) weeks by YP.com. Any customers with questions are invited to call the Attorney General's Office at 577-8600.

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